



## Local ballot measures: Measure N

# N

### Ballot question

Shall the measure adopting an ordinance imposing a business license tax at a rate of up to fifteen percent (15%) of gross receipts on cannabis businesses, to help fund general municipal services; and increasing the City's appropriations limit for the Fiscal Years 2019-2023 by the amount of tax proceeds received, be adopted?

### What your vote means

YES	NO
A "Yes" vote, by a majority of the voters, would approve proposed amendments to the Sonora Municipal Code to establish a business license tax of up to 15 percent of the gross receipts of cannabis businesses in Sonora.	A "No" vote would disapprove proposed amendments to the Sonora Municipal Code to authorize the City Council to establish a business license tax of up to 15 percent to be paid by cannabis businesses in Sonora.

### For and Against Measure N

FOR	AGAINST
<b>Jim Garaventa</b> On behalf of the Sonora Finance Committee	<b>No Argument was filed</b>



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### Impartial Analysis

Douglas L. White, City Attorney

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Measure N has been placed on the ballot by the Sonora City Council. Measure N, if approved, would authorize the City Council to impose a business license tax of up to fifteen percent (15%) of the gross receipts of any cannabis-related business.

The legalization of cannabis for recreational or other non-medicinal use was approved by California voters at the November 8, 2016, statewide election. On January 16, 2018, the City adopted Ordinance 848 amending the City's Municipal Code and authorizing commercial cannabis activity in the City, subject to obtaining a development agreement and conditional use permit from the City. The City's cannabis ordinance authorizes commercial cannabis dispensaries, manufacturing, and testing laboratories in specified zoning districts.

If Measure N is adopted by the City's voters on November 6, 2018, the City Council will be authorized, but not required, to impose a business license tax on cannabis businesses. Cannabis businesses include all entities engaged in the commercial cultivation, distribution and exchange of cannabis, whether for medicinal or non-medicinal reasons. The tax would not apply to those cannabis businesses that have entered into a development agreement with the City.

Measure N also authorizes the City Manager to establish procedures for collecting tax and authorizes the Finance Director to audit any business engaged in commercial cannabis activity. The City will also establish penalties and fines to enforce the payment of the cannabis business license taxes.

The proposed cannabis business license tax is a general tax because the revenues would be deposited into the City's general fund for general municipal services, such as improving the City's streets and sidewalks, and funding public safety services. Under the California Constitution, general taxes must be approved by a majority vote of the City's electorate.

A 'YES' vote, by a majority of the voters, would approve proposed amendments to the Sonora Municipal Code to establish a business license tax of up to 15 percent of the gross receipts of cannabis businesses in Sonora.

A 'NO' vote would disapprove proposed amendments to the Sonora Municipal Code to authorize the City Council to establish a business license tax of up to 15 percent to be paid by cannabis businesses in Sonora.



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Arguments in support of or in opposition to the proposed laws are the opinions of the authors.

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### Argument for Measure N

In November 2016, California voters legalized cannabis for recreational and non-medical use through Proposition 64. Proposition 64 imposes excise and cultivation taxes on cannabis, paid directly to the State of California and distributed through specified channels.

The City Council is committed to doing what is best for our community. This year, your City Council adopted Ordinance 848, which authorized certain commercial cannabis activity in the City. Under this ordinance, certain cannabis businesses may operate in the City subject to a conditional use permit and valid development agreement. However, once the current development agreements expire, the City needs a cannabis taxing mechanism in place to ensure a continued revenue stream. This tax will also serve as an enforcement mechanism and detract bad actors from operating a cannabis business without City approval.

The proposed cannabis business tax would authorize the Sonora City Council to impose a local tax of up to 15% on cannabis businesses operating outside of a development agreement with the City. The tax could provide significant revenue directly to the City of Sonora general fund. The revenue from the cannabis tax could be used to fund any services provided by the City, such as police and public safety, parks, streets and other public works.

It makes sense to adopt the cannabis business license tax now, rather than waiting two years until the next general election, or spending taxpayer money on a special election. Protect our cannabis revenue stream by voting YES on Measure N.

**s/ Jim Garaventa**

**Jim Garaventa**

On behalf of the Sonora Finance Committee

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### Argument against Measure N

No Argument was filed.